



Empowering India
through
Communication

35th World Telecommunications Day

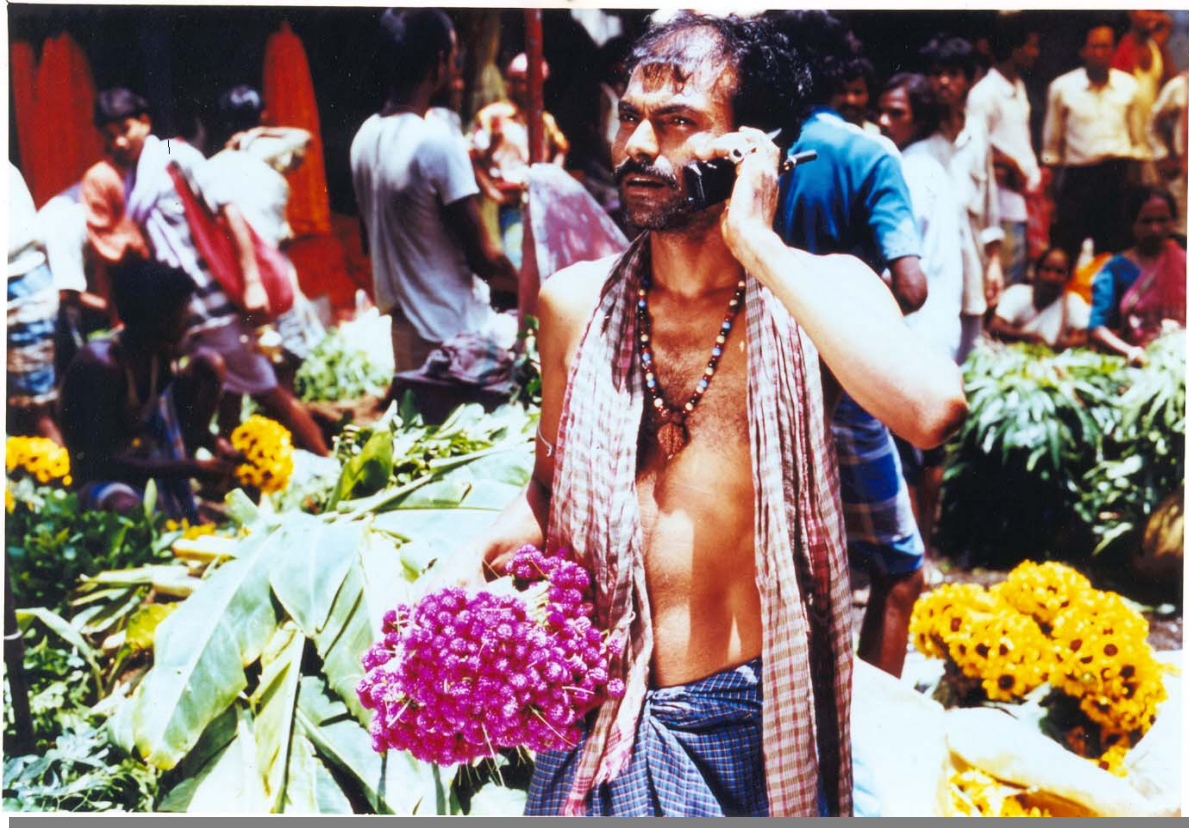


T V Ramachandran

(Director General, COAI) - May 17, 2003

COAI

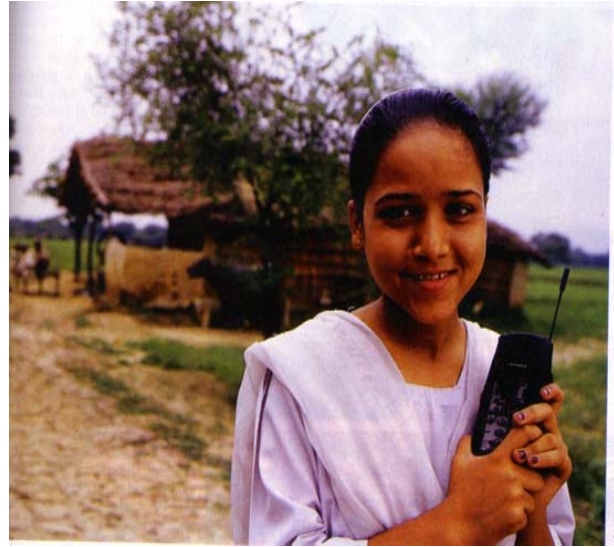
Empowering India through Communication



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Kerala fishermen go mobile on high seas to track markets

Big catch for cellphones

FROM RAMAKRISHNA UPADHYA

Kochi, April 3: Call it ceiling fish. The fishsellers' trade is no longer the same in Kerala. Fishermen are catching fish as much with the hook, line and sinker as with Nokias and Motorolas.

Once Mohandas — the mobile-toting man in a *kurta* and shirt — would send out his men to the sea in *ranchis* (boats) and keep his fingers tightly crossed. Back in his Mumbambham harbour, he would have no idea about the day's catch till the men came back. Their return would start another headache: the fish, depending on both the variety and the quantity, would have to be sent to the right markets.

But the cellphone changed it all. Now a techie Mohandas sends his men into the sea all right, but arms them with cellphones too. If there is a big catch, they get back to him immediately. "Whenever the catch is big, I divert it to Kollam where I get Rs 20,000 to Rs 25,000 more though my diesel cost may go up by about Rs 3,000," says the soft-spoken 50-year-old, his Nokia peeping from his shirt pocket.

When he is not directing his men to markets, Mohandas is contacting markets along the coast — in Kochikode, Karunag Thiruvananthapuram, Kollam or Ponnani — and sending his boats to where the best price is being offered.

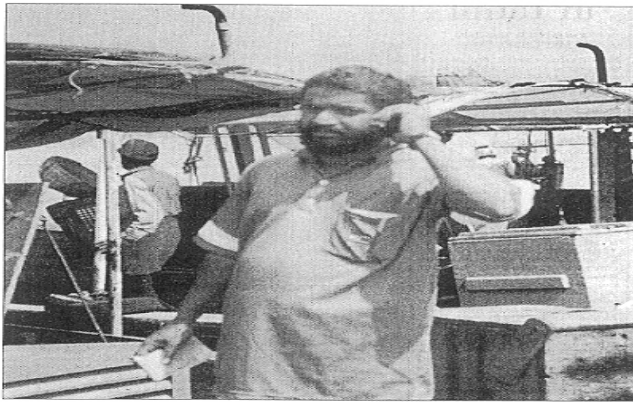
Mohandas is not alone. Fishermen alone account for 5,000 BPL Mobile cellphone connections.

The new technology has paid rich dividends, literally. The cellphone brigade makes sure the fish fetches the right price, sounding a warning to the middlemen.

Says Suddhish Kumar, a trader in marine products: "Now it is not possible to exploit the mobile-savvy fishermen as they contact markets across Kerala and even Mangalore or Goa to find out the prevailing price and divert the boats from midsea."

"Seer fish, for instance, which earlier used to fetch only Rs 70, now gets Rs 100 to Rs 110 per kg and it makes a huge difference to them," Kumar explains.

Cellphones also mean that fishermen are returning deeper into the sea. Fishing parties, which spend four to five days on high seas, can keep in touch with their families now, besides being



CELL SALE: Suddhish Kumar keeps track of the going prices at different centres.

able to alert rescue teams during trouble. Rajesh, who owns two *ranchis*, says since each foray into the deep sea costs Rs 35,000 to Rs 40,000, communication among boats via cellphones helps to lead one another to big catches.

"Earlier, we had no option. It was like trading blind-folded and we had to take whatever was being offered at the local market. Now, we are more or less able to control the trade, eliminating the middlemen. Unlike in the past, all grades of fish, shrimp or prawn, get a price and there is no wastage," says Rajesh. Smaller fishermen like Sulaiman and M.A. Rafi, who have also acquired cellphones but use them only during *chovukars* (the big catch season), agree wholeheartedly that the wireless handset has made a difference.

That leaves cellphone companies fishing for more fishermen. In fact, the credit of hooking fishermen to cellphones goes to BPL Mobile business operations head K.A. Mohammed Saleem. He had driven home to the fishermen in the utility of the mobile phone, which was at first dismissed as a luxury. While BPL Mobile already boasts of 5,000 fishermen-customers, its regional rival, Ecotel,

is also eyeing the fishing community wistfully.

Saleem is still marketing his wares aggressively among fishermen. "We are negotiating with a fishermen's federation to offer 10,000 mobile phones on most competitive rates so that we can reach out to small and marginal fishermen as well," says Saleem.

BPL Mobile has already put in place the infrastructure to cover the entire 700 km coastal belt of Kerala, reaching 77 towns and almost 70 per cent of the population. So the high seas promise to keep ringing with the sound of cellphones.



The Importance of Telecommunications

- Information is the Key to the Social and Economic Development of a nation.
- Axiomatic that efficient, widespread affordable telecommunication services critical for the spread of knowledge & information.
- Jipp's law shows that there is a strong correlation between telecommunication (as measured by teledensity) and economic development (GDP per capita)

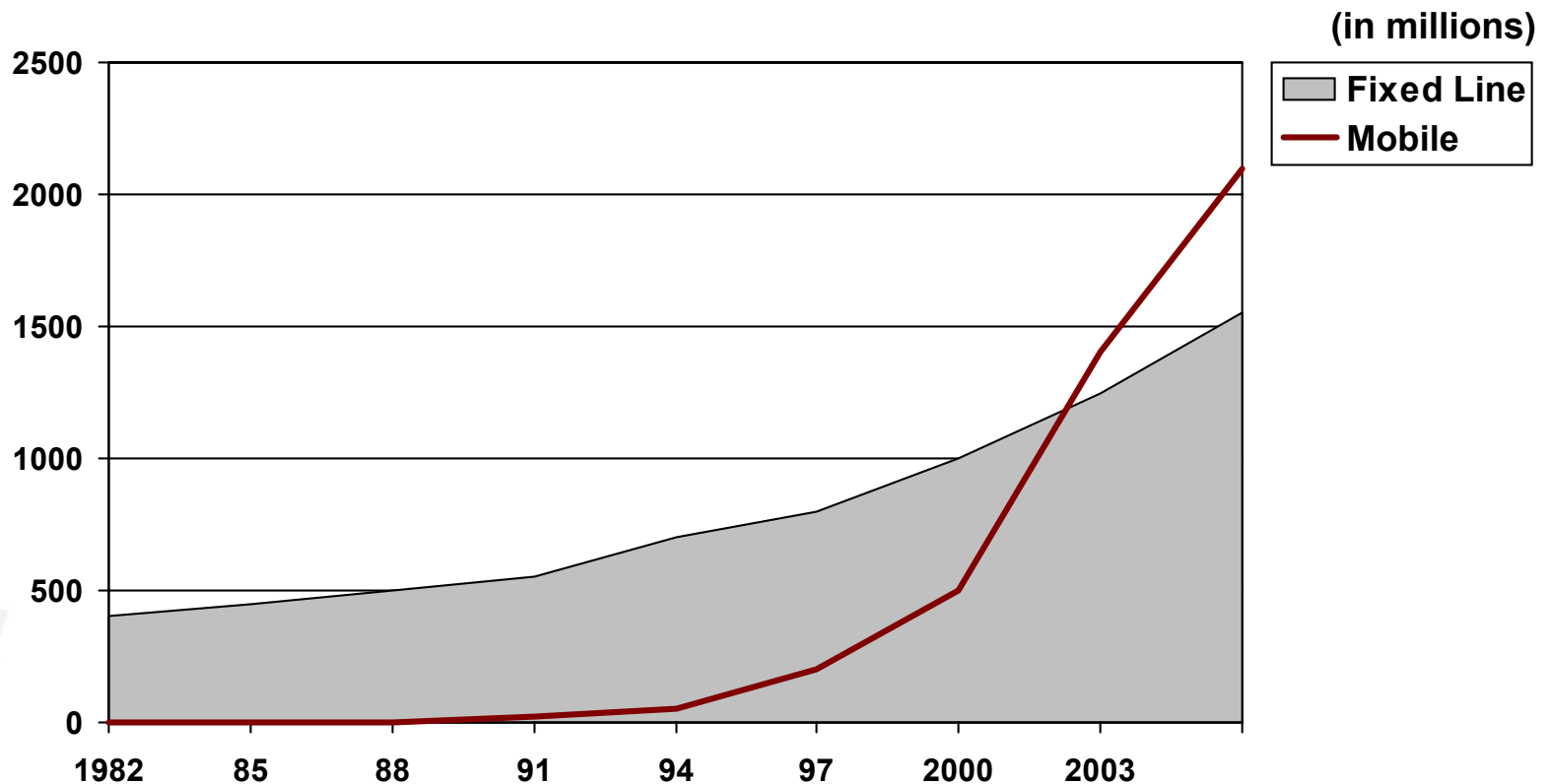
TO ACCELERATE ECONOMIC GROWTH, INDIA NEEDS TO URGENTLY INTENSIFY EFFORTS TO IMPROVE TELEDENSITY



World Scenario in Telecommunications



Telephone subscribers worldwide

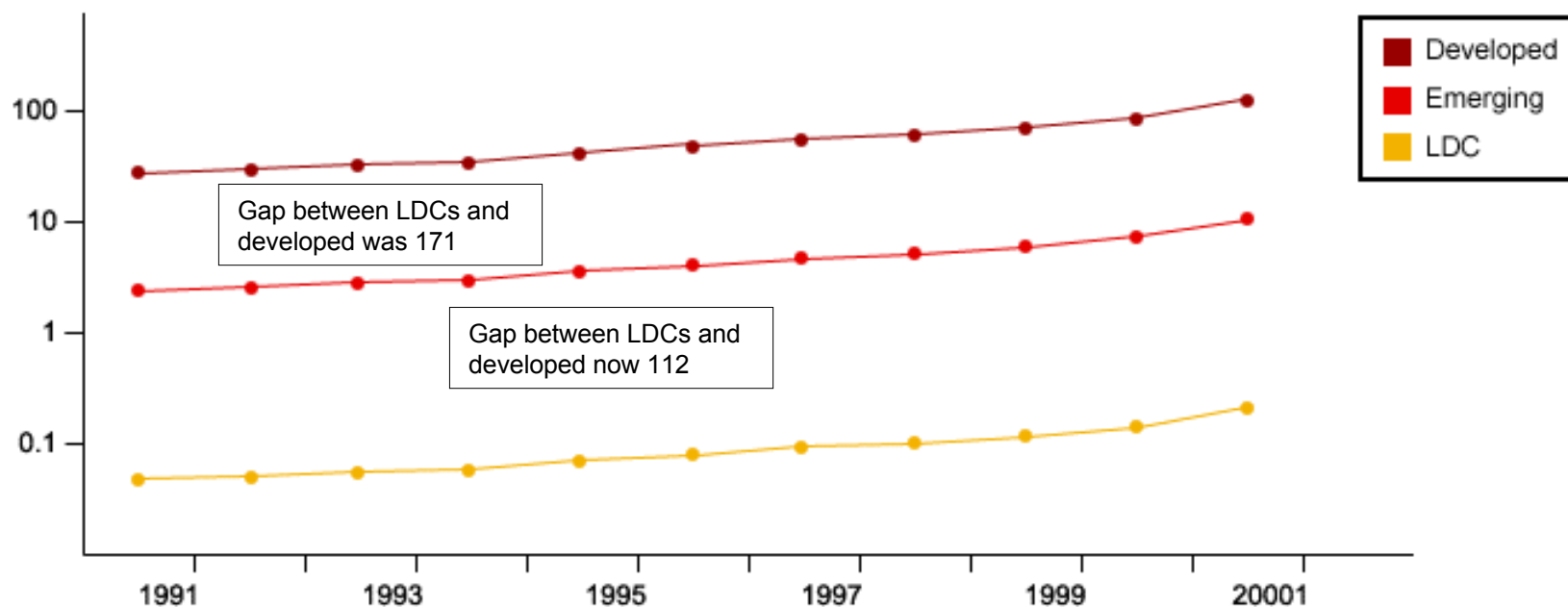


MOBILE DRIVING TELE-GROWTH WORLDWIDE

Source: ITU World Telecommunication Indicators Database.

Total telephone subscribers

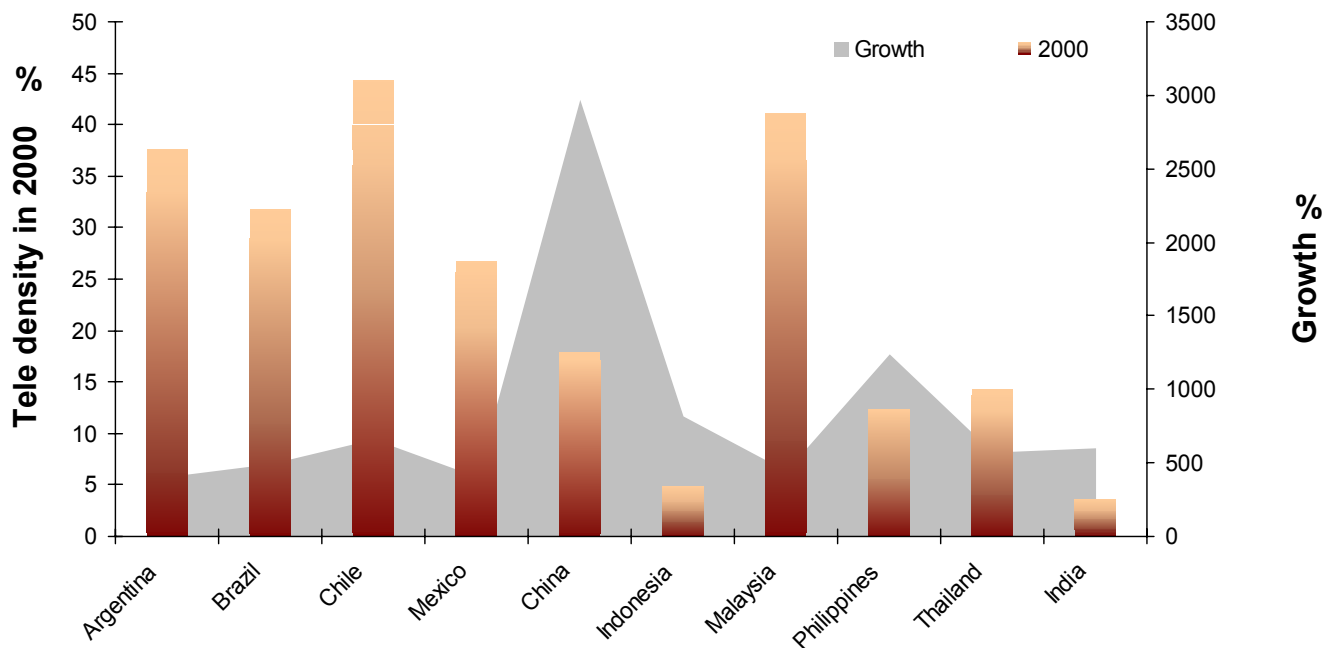
Total telephone (fixed-line + mobile) subscribers per 100 inhabitants



Source: ITU World Telecommunication Indicators Database

Globally the gap in total tele-density between LDCs and developed countries is shrinking

Growth in Total Tele Density: 1990-2000



INDIA LAGGING BEHIND MOST IN TELE-GWOTH

India : Current status

Total teledensity (mobile + fixed) of about 5%, which is far below the global average. Connecting India presents formidable challenges, with the population exceeding one billion,

24 languages spoken by more than one billion people,

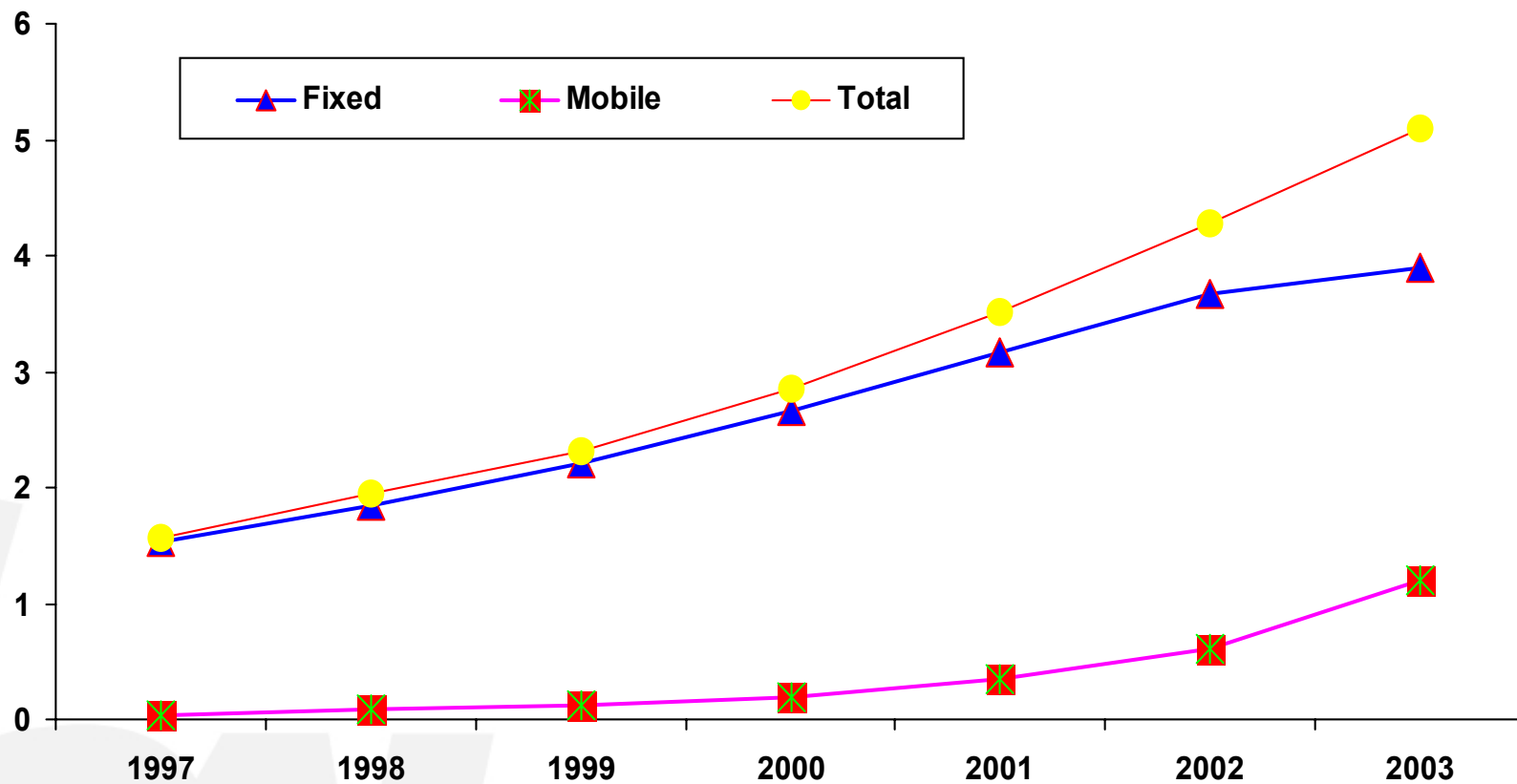
70% of population living in rural areas,

more than 600000 villages

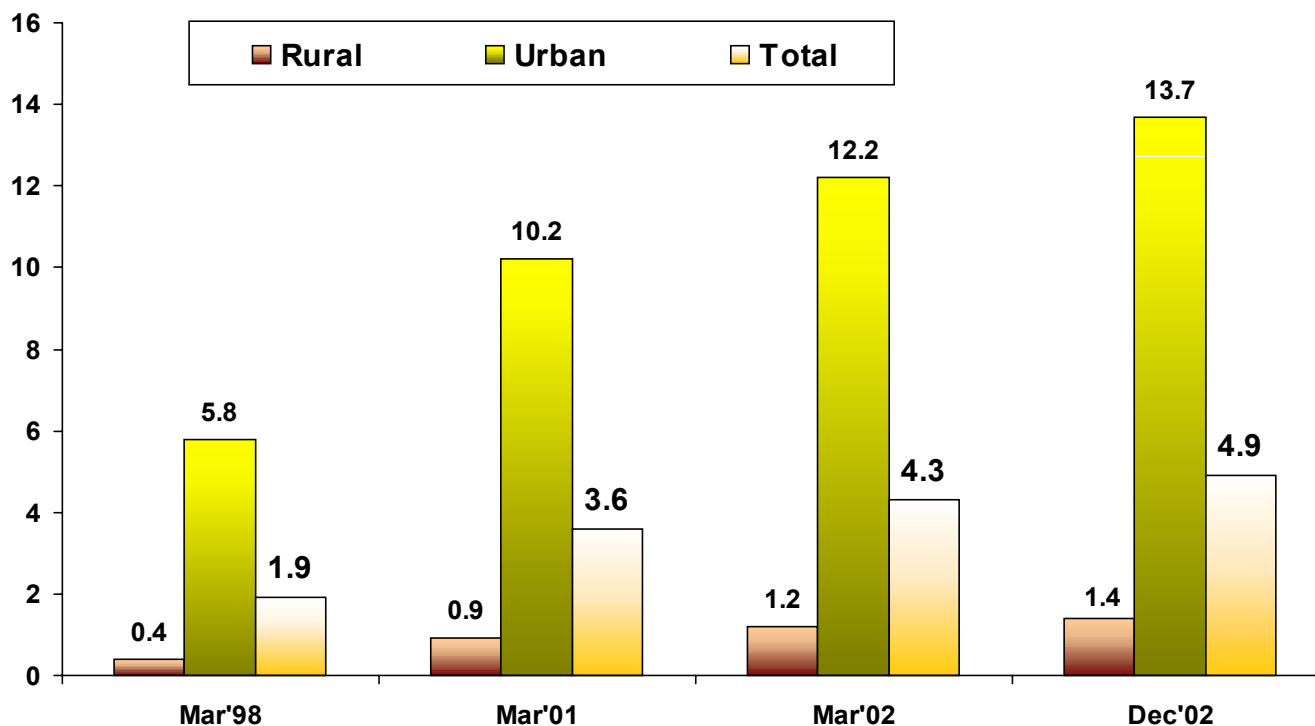
of which nearly 100000 villages are without even a single telephone,

WHILE INDIA HAS DONE CREDITABLY IN THE FACE OF DAUNTING CHALLENGES IT IS OBVIOUS THAT WE HAVE A LONG WAY TO GO TO CATCH UP WITH THE WORLD AVERAGE

Growth in Teledensity per 100 population



Digital Divide in India



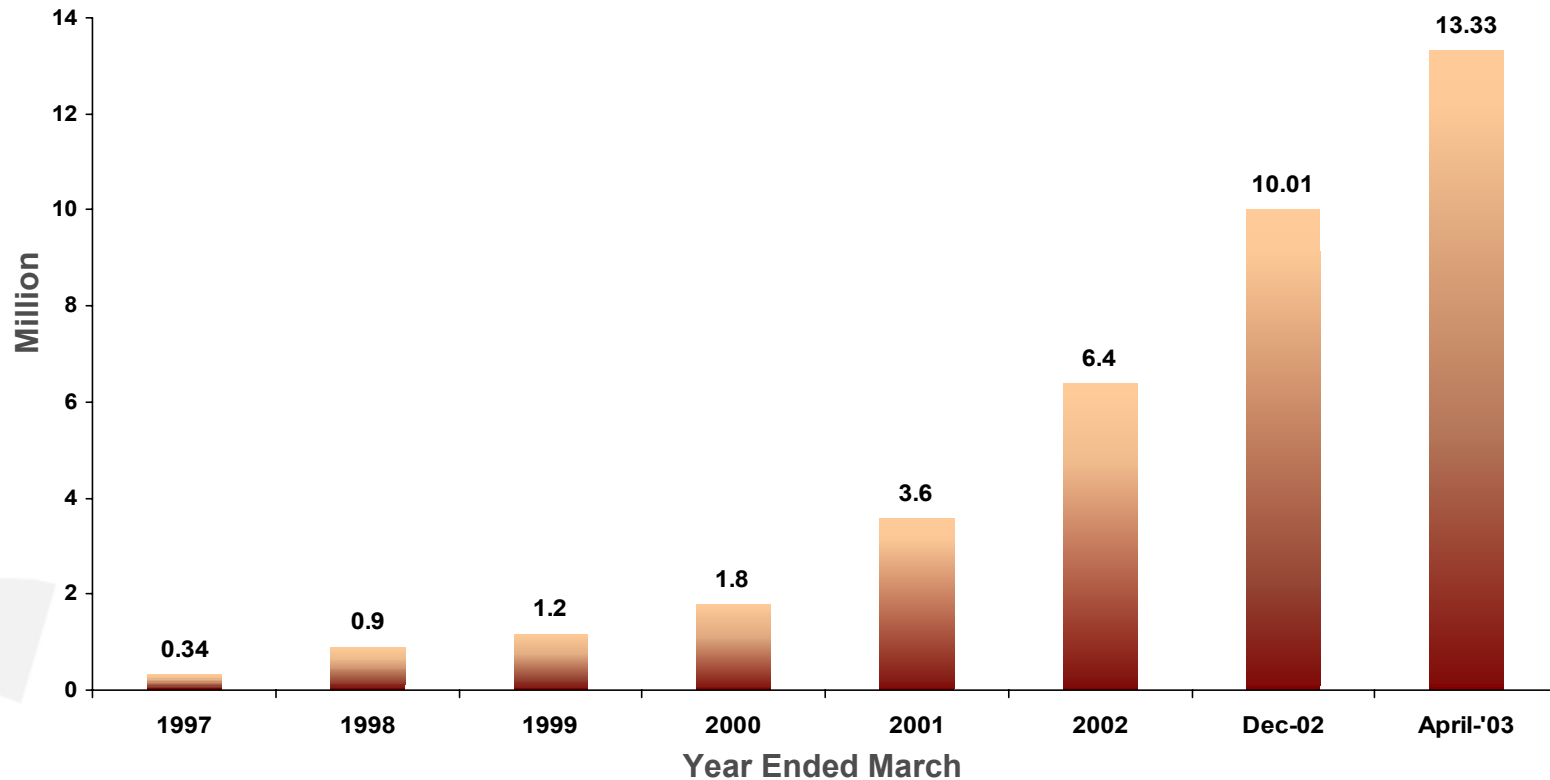
EVEN AS OVERALL TELEDENSITY HAS RISEN, THE GAP, BETWEEN RURAL AND URBAN TELEDENSITY HAS DISTURBINGLY WIDENED



Growth in cellular communications

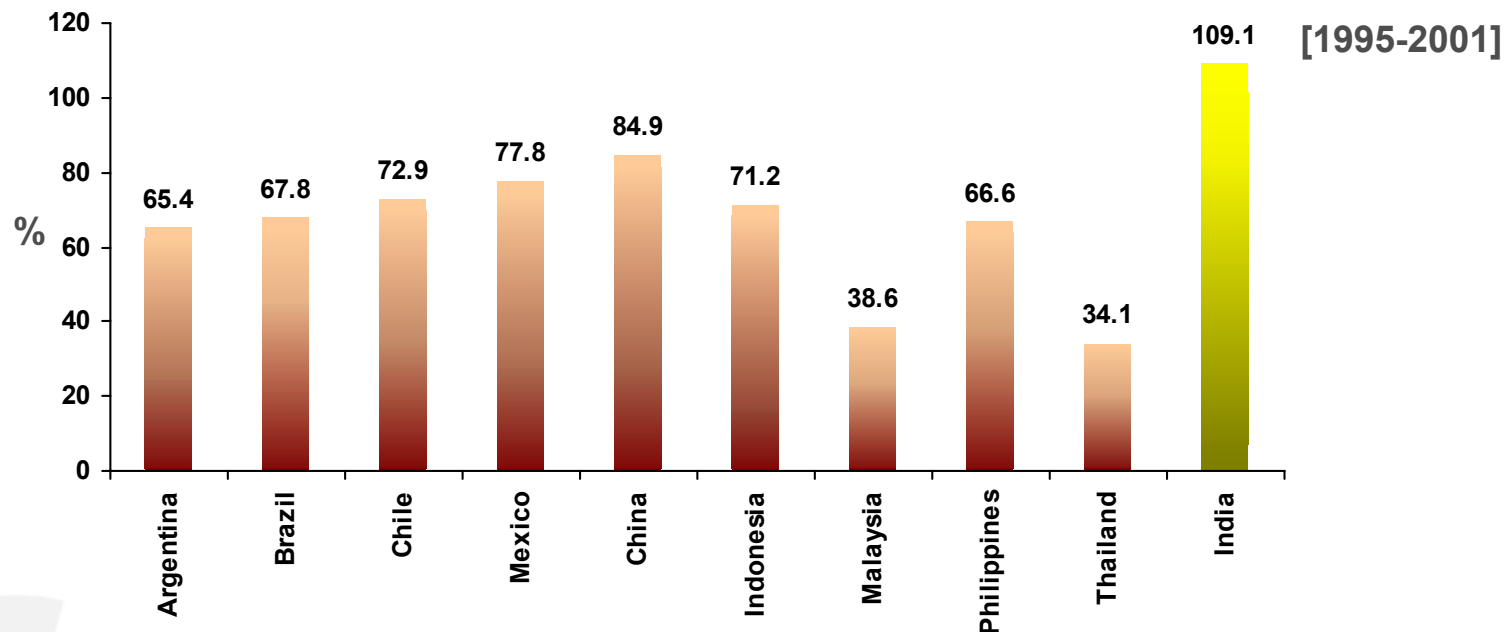


Growth in subscribers



GSM cellular subscribers have been growing at a healthy rate – a CAGR of around 80% from 1997-2002.

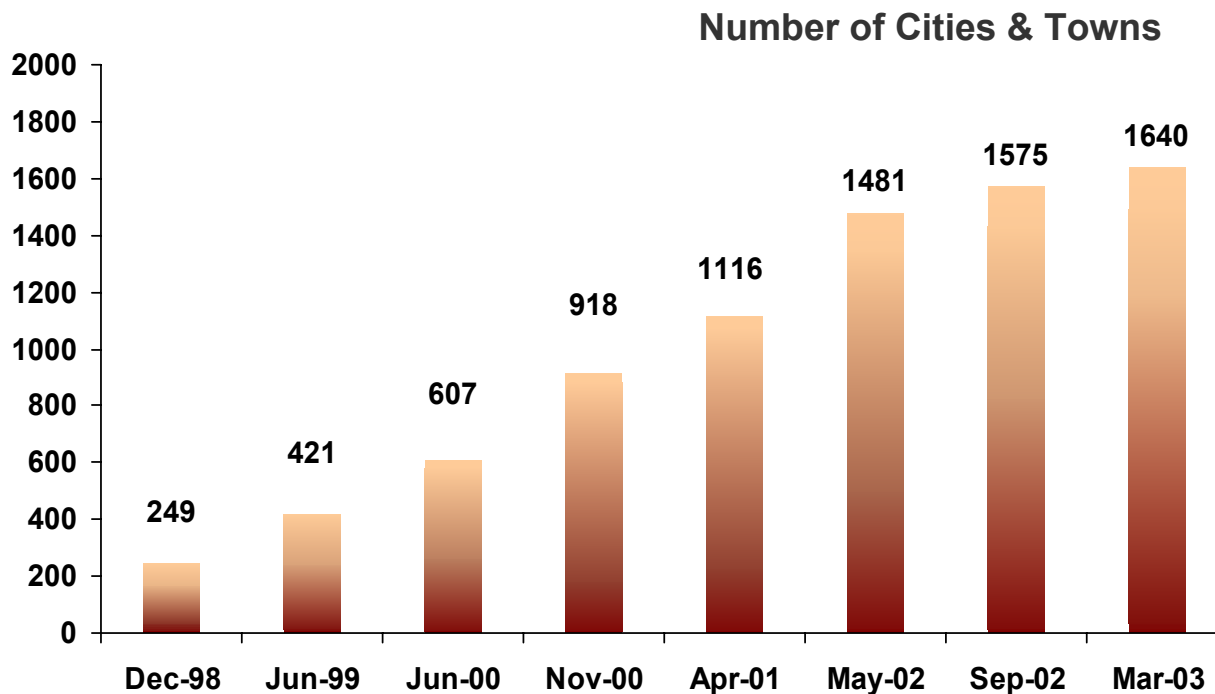
Cellular Growth – Highest CAGR for India



- The CAGR of cellular subscribers for India is the highest amongst comparable developing economies – both in South America & Asia-pacific

CELLULAR THE POTENTIAL TO CONTRIBUTE TO INDIA'S HUGE TELE DENSITY REQUIREMENTS

Increase in Coverage

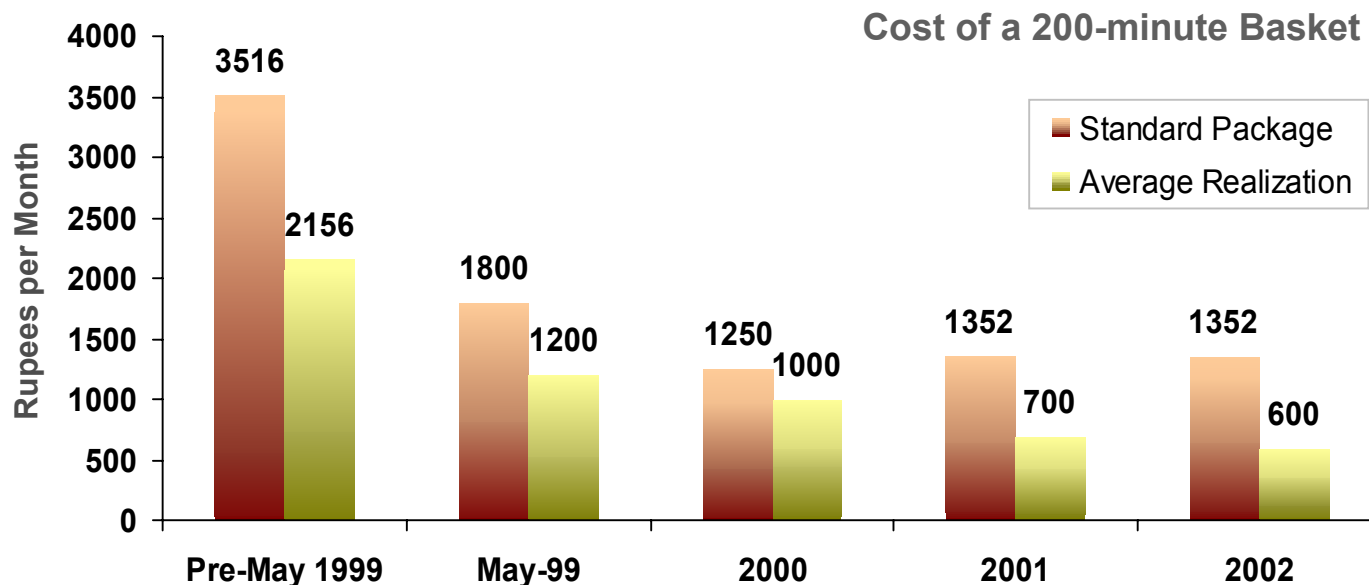


- Operators are increasingly venturing into smaller cities & towns.
- 25% of the subscribers will be from smaller towns & rural areas.

Cellular – Leading the affordability March

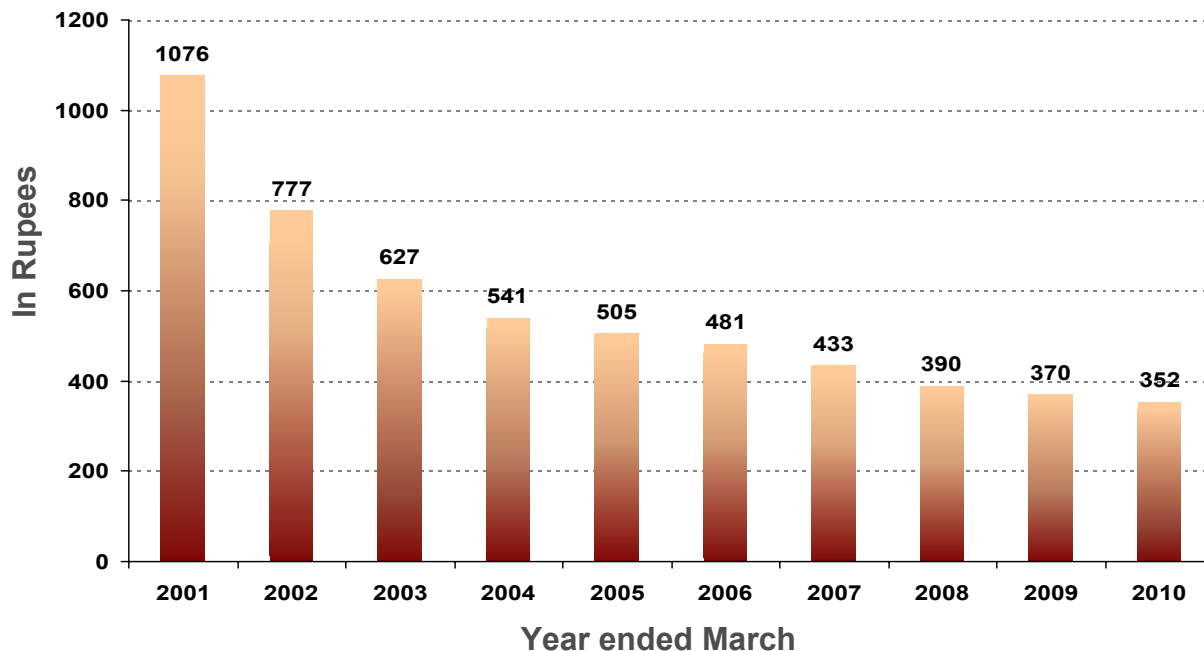
- **Drop in Cellular Tariffs**
 - Since 1999, cellular industry has been offering increasingly affordable tariffs to its consumers.
 - From a peak level of Rs. 16.80 / minute, airtime charges dropped to Rs. 1.89 / minute in 2002. Currently prevailing at less than Rs. 1.50 / minute.
- **Drop in STD Rates**
 - A tie-up with Bharti-Telesonic resulted in a 62.5% drop in STD rates - January 2002.
 - Powered by Bharti Telesonic, the cellular phone industry announced a further drop in STD rates, to Rs. 2.99/minute anytime, anywhere, commencing January 2003.
- **Free Incoming Calls**
 - Cellular industry announces free incoming for all mobile to mobile calls anywhere in India - January 2003.
 - With the introduction of the IUC regime, cellular consumers can now enjoy free incoming calls from both fixed as well as mobile subscribers.

Improvement in Affordability Levels



- A 75% drop in tariffs since 1996 - a feat unaccomplished by any other infrastructure sector

Fall in Average Revenue Per User (ARPU)



Till FY 2006, ARPUs are an average of the estimates by independent analysts, after which they have been extrapolated.

ABOVE FALL IN MONTHLY BILLS WOULD FUEL GROWTH POWERFULLY

Prospects for Cellular Communications

“We forecast India to be among the fastest growing telecom markets in the world over the next three years.... The telecom service revenues would be increasingly skewed towards access revenues and mobility, more so... by 2007E, we expect access revenues to account for 76.8% (USD 8.8 Bln of which USD 3.3 Bln would be from mobility)

“..... This growth paradigm in India's telecom space would require capex of about USD 15-16 BLN over the next 5 years and an additional USD 2.5-3 Bln by subscribers on handsets.”

“.... Access to capital could emerge as a significant entry barrier.”

ICICI Securities, August 2002

The Way Forward to Increased penetration of Telecom Services

- Review high cost structure of the industry due to GOI levies of license fee revenue share, spectrum usage charges, duties, sales / service tax etc.
- Provide International Standards of spectrum bandwidth per operator.
- Ensure cost based and equitable interconnection regime of world class.
- Ensure level playing field and fair competition for all players.

Conclusion

“Creating effective competition in telecommunications is the single most important step that Governments around the world need to take to bring the benefits of the death of distance of their people”

Frances Cairncross

Authoress –'Death of Distance'

Thank You !

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